

June 25, 2021

The Honorable Jocelyn G. Boyd
Chief Clerk/Executive Director
Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia, SC 29210

Via SCPSC E-FILING DMS

**Re: South Carolina Office of Regulatory Staff's Motion to Solicit Comments from Utilities and Other Interested Stakeholders Regarding Measures to Be Taken to Mitigate Impact of Threats to Safe and Reliable Utility Service;
Docket No. 2021-66-A**

Dear Ms. Boyd:


Please find attached for electronic filing with the South Carolina Public Service Commission ("Commission") a copy of the Responsive Comments of Walmart Inc. ("Walmart"), in the above-referenced case. By copy of this letter, I am serving all parties of record via Electronic Mail.

Please contact us if you have any questions concerning this filing.

Sincerely,

SPILMAN THOMAS & BATTLE, PLLC

By


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SUE/sds
Attachments
c: Certificate of Service

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2021-66-A

IN RE:)	CERTIFICATE OF SERVICE
)	
South Carolina Office of Regulatory Staff's)	
Motion to Solicit Comments from Utilities and)	
Other Interested Stakeholders Regarding)	
Measures to Be Taken to Mitigate Impact of)	
Threats to Safe and Reliable Utility Service)	

I hereby certify that I have this day served one (1) copy of the foregoing document upon the following parties to this proceeding via Electronic Mail:

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Dated: June 25, 2021

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2021-66-A

IN RE:)	
)	
South Carolina Office of Regulatory Staff's)	RESPONSIVE COMMENTS OF WALMART INC.
Motion to Solicit Comments from Utilities)	
and Other Interested Stakeholders Regarding)	
Measures to Be Taken to Mitigate Impact of)	
Threats to Safe and Reliable Utility Service)	

Walmart Inc. ("Walmart") submits these Responsive Comments¹ pursuant to the Public Service Commission's ("Commission") *Order Establishing Docket and Guidelines for Comments by Utilities and Other Interested Stakeholders* issued on March 10, 2021, Order No. 2021-163 ("March Order") and responds to certain issues addressed by parties who filed Initial Comments in this docket.

RESPONSIVE COMMENTS

The utilities² filed expansive comments on their planning processes and the efforts they have taken (or plan to take) to prepare for future severe weather events. Walmart supports proper planning efforts and believes they are critical to responding to severe weather appropriately. In describing those planning efforts, Walmart extracted two key themes from the utilities' comments: (1) the plans and processes proposed are mostly cost additive for customers and involve investments for which the utility can earn a return; and (2) the utilities' comments were largely

¹ Walmart filed Initial Comments in this docket on June 11, 2021.

² *E.g.*, Dominion Energy South Carolina ("DESC"), Duke Energy Carolinas, LLC, and Duke Energy Progress, LLC (collectively, "Duke").

missing any discussion of the role customers can and should play in ensuring reliable utility service during severe weather events.

A. Customers Benefit from Customer-Sited Distributed Energy Resources ("DER")

Walmart is by no means seeking to discourage prudent utility investment and planning, but it is advocating for a collaborative approach where customer-centric solutions are equally considered. Much like a diversified investment portfolio minimizes the risks of loss to an investor, diversity of generation options, including customer-sited DER, minimizes the risks and provides numerous benefits for all customers during severe weather events.

First, customer-sited generation provides an additional resource that can be called upon during severe weather events. As an example, at numerous locations throughout the country, Walmart operates back-up generators, most of which are presently fueled by diesel or natural gas.³ Through its participation in effectively designed utility interruptible programs, Walmart is able to switch to its back-up generation when the utility calls upon Walmart to reduce its load during times of severe weather or grid stress. Additionally, when the back-up generation is also connected to the grid, Walmart can also operate its generator as an additional resource when requested by the utility.⁴

Second, unlike a utility investment that is paid for by all customers, much of the investment (and risk) associated with procuring, installing, and maintaining customer-sited DER are borne exclusively by the customer with the resource.⁵ While a customer may be compensated pursuant

³ As solar plus storage and other technologies mature, using a renewable resource as back-up power will become more realistic.

⁴ For example, in Arkansas, Entergy Arkansas has called upon Walmart to operate its back-up generator to support grid needs.

⁵ In most cases, a customer with a DER is only compensated by other customers as part of a utility interruptible program such as when that customer opts to shed load by switching to its back-up generator to reduce load on the grid, or when the customer provides their DER as a generation resource to the grid.

to a utility interruptible program when it reduces load or runs its generator as a capacity resource, the cost of the generator, its installation, and its ongoing maintenance are all costs borne exclusively by that customer, not other customers. Moreover, where a customer participates in an interruptible tariff or offers its back-up generation as a capacity resource but then fails to perform when called upon, that customer exclusively bears all penalties associated with that failure. Offering programs that support customers like Walmart installing DER not only provides a resource that increases the resiliency of the utilities' systems, but it does so while the customer bears the majority of this risk.

Third, severe weather does not discriminate between a utility's distribution, transmission, and generation systems. A severe weather event can impact one or all of these systems and even with the best planning, unexpected situations inevitably will occur.⁶ Having localized resources that do not depend on these larger systems, or can island/disconnect from the grid when necessary, ensures that certain services remain operational and/or are able to resume operations in short order after severe weather events. For retailers like Walmart⁷ who are providing essential services to their communities like groceries, first aid, prescriptions, and even bottled water, it is critical that these types of retailers are able to resume service as quickly as possible after a storm so that basic needs are met and rebuilding can begin.

Whenever a utility makes an investment that is socialized among all rate classes, the Commission must scrutinize the prudence of such an outlay of capital. When the investment is aimed at preparing for these severe (and uncommon) weather events, the cost of investment must

⁶ As an example, in Louisiana in 2020, "all nine transmission lines into that region were severed" resulting in the need to completely rebuild the transmission system in certain geographic areas. See <https://www.energynewsroom.com/article/entergy-responds-to-an-unprecedented-storm-season-eei-electric-perspectives/> (last visited June 24, 2021).

⁷ Hardware stores, gas stations, grocery stores and other retailers providing essential services should also be considered as appropriate venues for customer-sited DER.

be balanced against the likelihood of it occurring. For example, construction of a 1,000 MW gas plant may ensure there is an additional generation resource in times of high demand, but that investment makes little sense if the resource will only be run for periodic, perhaps once in a decade type weather events. In these types of situations, DER can be the right economic solution and provide that additional generation for these infrequent but severe weather events.

B. Investment in Customer-Sited DER Requires Commission and Utility Support.

Investment in customer-sited generation can occur with support from this Commission and the utilities in this State. There are numerous programs throughout the country that properly incentivize this sort of customer-investment in DER. Most often these programs are interruptible programs that allow the utility to "interrupt" or call upon the customer to reduce its load. As noted above, in response to these events, Walmart will switch to its back-up generation. This simultaneously allows Walmart to continue its operations while also relieving some of the stress on the utility system and grid. On other occasions, these programs can engage Walmart to operate its generator to address voltage or other transmission issues. Whenever Walmart responds to these events, it is compensated for those efforts, but the added benefit to these programs is that Walmart's generator resource can be utilized to maintain power and/or return to power after a severe weather event.

The key to an effective interruptible program is balance; the incentive mechanism must be sufficient enough to ensure customer participation in the interruptible program but not so great that it results in a subsidy being paid by other customers. It is also important that the utility not favor other types of resiliency measures that allow it to earn a return over these customer-centric measures, which create fewer opportunities for utility profit. Interruptible programs such as those implemented by Duke Energy Florida, LLC ("DEF") and Florida Power & Light Company

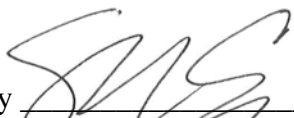
("FPL")⁸ are successful examples of programs that achieve that balance. Walmart requests that the Commission require the investor owned utilities in South Carolina to propose such interruptible programs for commercial and industrial customers in order to enhance the resiliency of the State's electric system and ensure that South Carolina is ready to respond to the next severe weather event.

CONCLUSION

Walmart appreciates the opportunity to participate in this docket and to provide the perspective of a large commercial customer with experience in responding to severe weather events throughout the country, including Texas. Walmart hopes to be part of South Carolina's solution to ensuring the State is prepared to respond to future severe weather events.

Respectfully submitted,

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Dated this 25th day of June, 2021.

⁸ DEF Tariff, Rate Schedule CST-2, Curtailable General Service Optional Time of Use Rate; FPL Tariff, Rate Schedule CDR – Commercial/Industrial Demand Reduction Rider.